Appendix A - Glossary

<u>Accounts Payable</u> — a legal liability of the State that reflects amounts for goods and services received but have not yet been submitted or will not be submitted to the Comptroller's Office as a voucher which may be paid by local funds. Accounts payable are non-vouchered payables paid from State Treasury funds and payables paid from local funds.

<u>Accrued Revenues</u> — revenues earned (e.g., goods and services provided to the customer) but not yet collected. Reporting requirements may limit the definition of receivables to a time period for which the related monies are received.

<u>ACH or Automated Clearing House</u> — is the primary system used by financial institutions, governments, companies, and consumers to transmit and receive electronic payments.

<u>Acquisition Method</u> — the manner in which a fixed asset is acquired. Typical examples are donations, purchases, leases, trade-ins or transfers.

<u>Ad Hoc Reports</u> — reports that are not generated as a normal part of running the system processes (e.g., control reports) and cannot be requested by the user through the Report Request Profile (e.g., requestable reports). These reports are specialized in nature and designed on an as needed basis. They are not intended to be run on a recurring basis (e.g., daily, weekly or monthly).

<u>Agency</u> — FACS Agency. ~~I~~in ADPICS the FACS Agency is the Department. See Department.

<u>Agency Budgeting</u> — the process of allocating available agency resources to particular agency programs, organizations, funds and objects. This process is a refinement of the appropriation process to allow agencies to monitor and control their budgets in a manner that is normally more detailed than the appropriations, and is more conducive to their operation.

<u>Agency Code 1</u> — provides a ~~low level~~low-level activity or task that is tracked by an agency. This element may be used to track and/or control similar activities within a grant.

<u>Agency Code 2</u> — provides a ~~low level~~low-level activity or task that is tracked by an agency. This element may be used to track and/or control similar activities within projects.

<u>Agency Codes 1, 2 or 3</u> — are used to identify any category of internal cost reporting needs of an agency. For example, a cost category that crosses internal organization, program, or project and grant boundaries may be accumulated with the Agency Code.

<u>Agency Control Profile</u> — allows agencies control of system processes such as reporting, month end closing, cost allocation, and grant and project billing. In addition, the Agency Control

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Profile defines agency-specific document match control, agency object usage, and default object codes.

Agency Financial Reporting for Real Account Activity (AFRRAA) — a project designed to enhance the reporting capabilities for real accounts.

Agency General Ledger Account — (D32) -— provides a lower level of detail than the Comptroller General Ledger Account. These accounts are assigned by the agency to meet internal needs with a few exceptions. On due to/due from transactions, the agency general ledger specifies the agency and fund to which money is owed or from which money is owed. The agency general ledger specifies the agency and fund to which money is owed. The agency general ledger is also statewide defined for investment and payrollfixed assets.

Agency Group — (D12) - a grouping of agencies. The purpose of an agency group is to classify similar agencies into a single group of reporting. Each department is an agency group.

Agency Object —- D11 (D11expenditures) -— an additional code available for agencies to use for accumulating and reporting expenditures or- revenuefinancial information at a level determined by the agencies. The agency object may be more detailed, the same, or less detailed than the comptroller object as defined by the agency. Agency object is an optional data element.

Agency Object Group —— (D25) (expenditures) -— code available for grouping similar agency objects as defined by the agency. Agency object group is an optional data element.

Agency Object (revenue) — code available for agenices to use for accumulating and reporting revenue financial information. The agency object may be more detailed, the same, or less detailed than the comptroller object as defined by the agency. Agency revenue object is an optional data element.

Agency Object Group (revenue) — code available to group similar agency objects. Agency object group is an optional data element.

Agency Type —a classification of agencies. Agency type is used to indicate whetherthat an agency is a financial agency or batch agency. Batch agencies represent data entry locations and also interfacing systems. There may be multiple batch agencies for one financial agency.

Allocation Range — the range of indexes and/or program cost accounts coding elements used to identify the direct cost pool that will receive distributions from the indirect cost pool being allocated during cost allocation. A range of indexes and/or program cost accounts that identify the direct pool to resolve distributions from the indirect cost pool allocated during the cost allocation process.

<u>Allotment</u> — a time-related segmentation of an appropriation or agency budget. For example, allotments allow appropriations and agency budgets to be restricted to certain months or quarters to prevent their expenditure in one month or quarter or require their expenditure in a certain month or quarter.

<u>Appropriated Fund</u> — (D22) -— is a legislatively mandated segregation of funds. It is used and monitored by the Comptroller's Office as a separate self balancing set of accounts. Appropriated Fund currently equates to 'Fund' in FACTS.

<u>Appropriation</u> — a legal authorization granted by the State legislature to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

<u>Appropriation Accounting</u> — the process of monitoring funds legally allocated by the State legislature. Appropriation accounting is used by the Comptroller's Office to determine that state funds are spent legally.

<u>Appropriation Profile</u> — (20) -— allows the Comptroller's office to establish levels of system control for appropriations, and allows agencies to control levels of system control for agency budgets. Since this profile determines the level at which appropriations are recorded in the primary financial tables, the Comptroller and agencies must work together to establish this profile. The appropriation profile can restrict the appropriated funds, comptroller objects and programs used for expenditures and revenues applied against appropriations.

<u>Appropriation Year (AY)</u> — a two digit required field in the FACS system, that defaults to the current fiscal year identified in the 97 System Management profile, that identifies the year for which funds were appropriated by the legislature.

<u>Batch Agency</u> — a subdivision of an Agency and an input control technique which allows an Agency to segregate data-entry locations.

<u>Batch Balancing</u> — the process of ensuring that entered counts and/or amounts equal computed counts/amounts before a batch is released for nightly processing.

<u>Batch Errors</u> — errors that occur because of a problem related to a batch. These errors include out of balance conditions and the absence of a batch header.

<u>Billable Budget</u> — a balance type that appears in the Grant Table and the Project Table which is used to control the amount that may be billed, either through the Grant/Project Billing subsystem or manual posting, to a grant or project. This balance type can be used to control the amount billed to the federal government, and/or the amount billed on an interagency contract. The billable budget differs from the expendable budget in that the expendable budget may provide

for resources not necessarily billable to entities external to the grant or project (e.g., State funds used to match federal funds in a grant).

Blanket Purchase Order — Blanket purchase orders are price agreements between the State and a Vendor for a commodity(ies) to be purchased on an as needed basis, for a specified period of time. Blanket purchase orders can be created by DMB Office Of Purchasing for statewide use, or by an agency for that agency's use only. Blanket purchase orders do not have an accounting impact in R★STARS. Purchases are made by creating releases (calls) against the blanket purchase order. Releases are created by requisition/purchase order, or by direct purchase order. Posting the blanket purchase order release encumbers funds in R★STARS.

Capitalizable Assets — fixed assets that meet the capitalization criteria for the state . See the Office of Financial Management's Financial Reporting and Accounting Manual for capitalization criteria. ($500 or greater) and will therefore be included in the general fixed assets account group and the subsequent financial statement.

Capitalize Indicator — determines whether or not a transaction will affect the Fixed Asset Subsystem (FAS). The capitalize indicator has three values: Capitalize (C) for fixed assets that meet the capitalization criteria for the state; Inventory (I) for assets that do not meet the state's capitalization criteria but need to be tracked (e.g., guns, calculators and other movable equipment); and Maintenance (M) for transactions that apply to maintenance expenses of a fixed asset. If the transaction has a value of C, I or M in the C/I field and it meets the capitalization policy where necessary, it will automatically send the financial information from the expenditure transaction to FAS. **(Not used in Michigan)**

Chart of Accounts — the set of accounts used by an agency. The chart of accounts may include any combination of the R★STARS coding elements including Comptroller General Ledger Account, Agency General Ledger Account, Comptroller Object, Agency Object and Fund. The chart of accounts for an agency provides the structure used for the information (reports and inquiries) produced by R★STARS.

Classification Structure — the structure used to classify R★STARS data elements that includes the fund, general ledger, revenue, expenditure, appropriation, program, NACUBO function, organization, project and grant structures. The classification structure provides the ability to separate and summarize R★STARS information multiple ways to meet the reporting requirements of agencies, the Legislature, the federal government, the Comptroller's office and GAAP.

CMIA or Cash Management Improvement Act of 1990 , a federal act. Cash management information and control ties together the depository, funds concentration and disbursement functions by reflecting all significant funds' movements and balances. The establishment of an effective cash managemnetmanagement system must incorporate all these functions, as well as integrate with the accounting system's general ledger.

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<u>Coding Reduction</u> — utilizing one element to infer many elements during the coding processes. Elements in R★STARS that provide coding reduction include index, program cost account, appropriation number, grant number project, grant number/phase and project number/phase.

<u>Companion Transaction</u> — two offsetting transactions used for adjustments or interagency transactions.

<u>Comptroller General Ledger Account</u> — (D31) - the lowest level of the General Ledger Account structure for systemwide accounting purposes.

<u>Comptroller Object</u> — (D10 (expenditures) — the lowest level in the object structure for systemwide accounting purposes. It is used for reporting expenditure and revenue financial information. Examples of expenditure comptroller objects include Salaries and Wages – Line Item Exempt Positions, Salaries and Wages – Hourly Full-Time Employees, Overtime Pay, Insurance Premiums and Construction of Building. Examples of revenue comptroller objects include s.

Comptroller Object (revenues) — the lowest level in the object structure for systemwide accounting purposes. Examples include Motor Vehicle Registration Fees, Franchise Tax, Federal Revenue – Matched and Professional Fees.

<u>Comptroller Source</u> — (D09revenue) — a grouping of comptroller objects. Comptroller sources (expenditures and revenues) appear as line items on the systemwide cash basis reports produced by R★STARS. Examples of expenditure groups include Employee Travel Expenses, Maintenance Services, Fuel, and Clothing and Textiles. Examples of Revenue groups include Tax Collections, Licenses & Fees and Interest Income.

<u>Confidential Vendor</u> — generally employees, users cannot scroll through vendor files to view information related to these vendors.

<u>Contract</u> — refers to a legally binding agreement between two or more parties. In R★STARS, a contract may be used to isolate, budget and track expenditures separate from other classification elements such as grant, project or fund.

<u>Contract and Payment Express</u> — a web application where vendors/payees maintain their own vendor/payee information such as name, address(es), phone and fax number(s), commodities, and bank account information. Vendors/payees can also view their EFT payment details via the Contract and Payment Express Web site.

<u>Contract Retainage</u> — certain contracts require the State to retain a percentage of each payment related to a contract. This retainage is withheld to help protect the State against unsatisfactory services provided by a vendor. The retainage amount is recorded as a separate liability

(retainage payable) and may be released (i.e., liquidated) anytime during the project, or once the project is complete.

Control Profiles — a profile that is used to monitor system processes such as transaction processing, appropriation control or grant and project billing. A control profile differs from a descriptive profile, in that it plays a significant role in controlling system posting and other processes.

<u>Control Report</u> — reports generated as a normal part of running the system processes. Examples of control reports include transaction listings from the Grant/Project Billing and Cost Allocation subsystems and daily system monitoring reports used by R★STARS central support. These reports are not requestable and are generated by batch programs to allow monitoring of the processes in those programs.

<u>Control Type Indicators</u> — indicators that determine the level of severity for fund control errors. These control level indicators normally have values for fatal, warning and ignore.

<u>Credit Memo</u> — a method used to deduct amounts from future payments owed to a purchaser when defective or otherwise unacceptable goods or services have been received and a voucher has been posted.

<u>Data Related Errors</u> — errors related to invalid coding of a transaction. Data related errors would include invalid Index, invalid Comptroller Object and inactive Fund.

<u>Deferred Revenues</u> — revenues received but not yet earned. Deferred revenues are liabilities of the State until they have been earned. A typical example of a deferred revenue would be the receipt of grant monies before the related grant expenditure has been incurred.

<u>Department</u> — a work unit (section, office, division, agency, etc., as designated). A MAIN FACS department.

<u>Descriptive Profile</u> — provides mostly information for R★STARS elements such as titles. A descriptive profile differs from a control profile, in that it does not play a significant role in controlling system posting and other processes. However, there are exceptions such as D02 Agency Profile.

<u>Detectable Errors</u> — errors that are detectable by R★STARS. These would include data errors, fund control errors and batch errors. Errors not detectable by R★STARS include valid but incorrect coding of an Index, improper coding of a transaction amount and transactions posted that should not have been posted for accounting reasons.

<u>Direct Cost Pool</u> — a group of coding elements that uniquely identifies an accumulation of expenditures that are directly associated with those coding elements. Direct cost pools are used to accumulate expenditures that will not be allocated to other cost pools. Direct cost pools may, in addition, receive allocations of costs from indirect cost pools.

<u>Direct Deposit</u> — a deposit made directly to a payee's bank account through the Automated Clearing House (ACH).

Disposition Method — the method used to dispose of a fixed asset. The disposition method associated with a fixed asset identifies how it was disposed (e.g., sold, destroyed, stolen or transferred).

Distribution Base — the group of coding elements that identifies those expenditures accounts to which a distribution rate is to be applied or other calculations made to determine the amount of the cost allocation. These coding elements include Index, Program Cost Account and Comptroller or Agency Object.

Distribution Type — the method that will be used to distribute the indirect costs identified in the distribution base. Distribution types include standard rate, standard cost per unit, standard amount, fixed percentage and calculated percentage.

Document Agency — represents the Agency that created and is responsible for the document.

Document Table Support — indicates general ledger accounts whose transactions are posted to the Document Table. Accounts that are currently supported in the Document Table include accounts receivable, encumbrances, pre-encumbrances, accounts payable, and due from other funds.

Document Tracking- — a method of linking related documents together. Allows users to follow the establishment of an original document to the subsequent adjustment or liquidation.

Due Date — Identifies desired date for issuance. For example, if the payment is via EFT, enter date funds are to be in the vendor's bank account. The document must be posted three days before the due date. If the payment is via a warrant, enter desired date to be printed on the warrant. The document must be posted two days before the due date.

EDI or Electronic Data Interchange — the automated , or computer-to-computer exchange of business documents and transactions between "trading partners" (a government and its suppliers or tax remitters, for example) using standard electronic formats.

Effective Date — the date that the transaction should be posted to the books. For example, a transaction may have occurred on April 30, but it was not entered into the system until May 12. In order to correctly reflect the books as of the end of April, the transaction should be entered with an effective date of April 30.

EFT or ~~Electronic Funds Transfer (EFT) —~~ Electronic Funds Transfer — a means of transferring funds electronically from one account to another.

Encumbrance — commitments (legal obligations) of the State related to unperformed executory contracts for goods and services.

Error Classification — the classification of errors by type and severity. There are two types of errors: data related errors and fund control errors. These errors can have different levels of severity: fatal, warning and ignore. See definitions for Data Related Errors, Fund Control Errors and Error Severity for more information.

Error Severity — indicates whether the transaction will be posted without warning (Ignore), posted with a warning (wWarning) or prevented from posting (fFatal). Control type indicators are used to determine the severity of most fund control errors.

Escheat —— the process of transferring unclaimed property to the state.

Estimated Revenue — is the amount of revenue an agency plans to collect within a fiscal year.

Expendable Budget — a balance type in the Grant and Project Tables that is used to control and monitor expenditures against projects and grants. This balance type controls the total budget for grants and projects including both billable and unbillable expenditures.

Expenditure Refunds — amounts received back from a payee because of over payment of an expenditure.

Expenditure Transfer — the movement of expenditures from one group of coding elements to another.

Fatal Errors — errors that prevent the posting of a transaction. Control type indicators determine the severity of most fund control errors in R★STARS.

FEDI — Financial Electronic Data Interchange. See also EDI.

FEIN or Federal Employer Identification Number — A unique nine-digit number assigned to sole proprietors, partnerships, corporations, estates, trusts, governments and other entities for tax filing and reporting purposes. A FEIN is used in connection with an entity's business activities only.

FI — Financial Institution

Financial Code — See Transaction Code.

Financial Inquiry — an on-line inquiry that allows access to one of the financial tables. These inquiries include all of the inquiries on the Financial Inquiry Menu. Examples include: Appropriation record, document record and grant.

Financial Lapse- —— the process used to close-out the amount of authorization remaining in an appropriation, on a GAAP basis, that is ending in the fiscal year being closed.

Financial Plan — a plan for monitoring budgets at a level below the agency budget level. Financial plans are used to provide a means of monitoring financial performance within an agency at a level not necessarily being used to control the budget.

Financial Plan Accounting — the tracking and reporting of planned and actual expenditures.

Financial Table — a DB2 table that contains monetary information. R★STARS financial tables include the Accounting Event Table, the General Ledger Table, the Document Table, the Appropriation Table, the Agency Fund Table, the Agency Budget Table, the Grant Table, the Project Table, and the Cash Control Table and the Property Financial Table. These tables provide the central means for storing and retrieving historical financial information in R★STARS.

Fiscal Year (FY) — the year on which an entity operates; the State of Michigan's fiscal year begins on October 1 and ends the following September 30.

Fixed Assets Category — a high level statewide classification of fixed assets such as Land, Buildings, and Furniture and Equipment.

Fixed Assets Class — a statewide lower level of fixed asset classification used to segment fixed asset categories.

Fixed Assets Subclass — an agency defined categorization of fixed assets used to divide fixed asset classes into agency specific categories.

Fixed Assets Suspense File — stores the financial information passed to the Fixed Asset Subsystem from the core accounting component of R★STARS until that information can be matched with descriptive information needed to track fixed assets such as model number, location and serial number.

Fixes Assets Transaction Code (FATC) — a code used in fixed asset processing to determine the posting to the fixed asset tables unlike other transaction codes, these are hard coded. Fixed asset transaction codes are used for acquisitions, dispositions, adjustments and depreciation.

Fixed Percent Allocation — allocates the actual amount in the indirect cost pool based on a set percentage entered in the Cost Allocation Profile. Up to 15 fixed percentage allocation percentages may be entered and they must total 100%.

Front-Door Payment System — a system where payment information is entered on-line or interfaced to MAIN FACS and payments are subject to the Treasury offset process. Payments are processed through the MAIN FACS vendor file. The Agency sends the vendor's federal ID (normally beginning with '2' or '3') and mail code; MAIN will look up the address from the MAIN FACS vendor file.

Function — the type of service performed by an agency. Functions are used for GAAP, NACUBO, LBB and Cash Basis reporting. Examples of functions include General Government, Human Services and Transportation.

Function Key — a special alphanumeric key used to perform a non-data entry function. Function keys initiate system processing, such as editing a transaction or transferring control from one R★STARS program to another. For example, upon selecting the F1 function key from a data entry screen control is transferred to the Help Screen (S090).

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Fund — an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. In R★STARS, funds are used to break appropriated funds into agency specific components which at a minimum allow the segregation of activities within appropriated fund that are accounted for in different GAAP Fund Types.

Fund Control Errors — errors generated by the system because of a lack of available cash and/or appropriation, agency budget, allotment, grant, project and contracts, budgets.

Funding Source — the resources used to purchase a fixed asset or finance an activity or program. These may include federal funds, state funds, private donations or other sources. ~~The fixed asset funding sources are defined in the Fixed Asset Funding Source Profile.~~Revenue is accounted for by sources.

GAAP or Generally Accepted Accounting Principles — "encompasses the conventions, rules and procedures necessary to define accepted accounting practice at a particular time (and) includes not only broad guidelines of general application, but also detailed practices and procedures" (APB Statement No. 4, par 138). In practical usage, GAAP means accounting for economic activity in a manner consistent with professional accounting standards.

GAAP Basis Authorization — the amount of authorization in an appropriation calculated on a GAAP basis.

GAAP Category — (D16 ~~(expenditures)~~) — a grouping of GAAP objects. GAAP Category is the highest level of the R★STARS expenditure object structure required for systemwide GAAP reporting. Examples are ~~expenditures, operating expenditures and non-operating expenditures.~~Operating Revenues, Operating Expenses, Debt Service, Other Financing Sources (Uses), Non-operating Revenues (Expenses), Operating Transfers, and General Fixed Assets Account Group.

~~GAAP Category (revenue) — a grouping of GAAP revenue sources. GAAP Revenue category is the highest level of the R★STARS object structure required for GAAP reporting. Examples are revenue, operating revenues and non-operating revenues.~~

GAAP Function — (D71) - a grouping of state ~~agenices~~agencies, for example, General Government and Public Safety and Corrections. GAAP Function is used for the GAAP basis reports. Expenditures are accounted for by function.

GAAP Fund — (D24) - established for the purpose of grouping funds for reporting in the annual GAAP basis SOM CAFR to prepare the combining statements.

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GAAP Fund Group — (D20) - represents the fund categories shown in the GASB Codification (e.g., governmental funds, proprietary funds, fiduciary funds and account groups). Each GAAP fund type will be assigned to a GAAP fund group. For the purpose of compiling the annual GAAP basis SOM-CAFR, GAAP fund types of colleges and universities will be consolidated into an additional GAAP fund group called colleges and universities.

GAAP Fund Type — (D21) - refers to the major fund types and account groups set forth in the codification of Governmental Accounting and Financial Reporting Standards (GASB Codification), Section 1300.14 and also addition necessary for implementation of GASB 14, the Financial Reporting Entity Statement. Examples are General, Special Revenue, and General Fixed Assets Account Group.

GAAP General Ledger Account Category — (D13) - a grouping of GAAP General Ledger Account classes. This data element is the highest level of the R★STARS general ledger account structure required for GAAP reporting. Examples are Assets, Liabilities, and Fund Balance (Deficits).

GAAP General Ledger Account Class — (D14) - a grouping of General Ledger Subclass accounts. General Ledger Account Classes will appear as line items on the GAAP basis financial statements produced by R★STARS. Examples include Fund Cash Accounts, Accounts Receivable and ~~Account~~Warrants Payable. This element represents the line items on the combined balance sheet of the SOM-CAFR.

GAAP General Ledger Subclass — (D07) - a grouping of General Ledger Accounts. General Ledger Subclasses will appear as a further breakdown of line items on the GAAP basis financial statements produced by R★STARS. This element represents the line items on the combining balance sheets of the SOM-CAFR.

GAAP Source/Object — (D08) - a grouping of GAAP Subclasses. GAAP Source/Objects will appear as line items on the GAAP basis reports produced by R★STARS. Examples of GAAP Source/Objects are Taxes, Miscellaneous, Capital Outlay, Operating Revenues, Interest Income, Interest Expense, Depreciation, and General Fixed Asses Account Group.

~~GAAP Source (revenue) — a grouping of GAAP Subclasses. GAAP Revenue sources will appear as line items on the GAAP basis reports produced by R★STARS. Examples are Taxes, Licenses, Fee & Permits, Earnings on Investments and Luxury Taxes.~~

~~GAAP Source/Object – D08 (expenditures) — a grouping of GAAP Subclasses. GAAP Source/Objects will appear as line items on the GAAP basis reports produced by R★STARS. Payroll Expenditures, Contractual Services, Travel and Capitol Outlay Land are examples.~~

GAAP Subclass — (D65 ~~(expenditures)~~ — a grouping of comptroller objects. GAAP Subclasses will appear as line items on the GAAP basis reports produced by R★STARS. ~~Loan Loss Expense and Tuition Benefit Expense are examples.~~

~~GAAP Subclass (revenue) — a grouping of comptroller objects. GAAP Revenue Subclasses will appear as line items on the GAAP basis reports produced by R★STARS.~~ Examples are Federal Revenue, ~~and~~ Financing Fees, Investment Expenses, and Equity Transfers.~~.~~

GAAP Subfund — (D68) established for the purpose of grouping funds for reporting in the annual GAAP basis SOM-CAFR when a combined column is required on a combining statement.

GAL — the Garnishment and Levy System – an automated system whereby outgoing payments from the State of Michigan are offset and applied to a person's debt. The debt can be owed to the State of Michigan, the federal government, or a third party. It provides for the offset of funds owed by the State of Michigan to the payee. STAR has priority over GAL for the division of debt owed to the State.

General Ledger Account — (see also Comptroller General Ledger Account) identifies the nature of financial activities and balances. In R★STARS, general ledger accounts are used for balance sheet (real), operating (nominal) and memo classifications. For the balance sheet, Comptroller General Ledger Account provides the lowest level of statewide classification. For the operating statement, Comptroller General Ledger Account serves as a high level classification of financial activity and is used to separate cash and accrued activity. Comptroller Object serves as the lowest level of statewide classification for the operating statements. Memo classifications are accounts not reported on financial statements, such as pre-encumbrances and statistical activity.

~~Generally Accepted Accounting Principles (GAAP) — "encompasses the conventions, rules and procedures necessary to define accepted accounting practice at a particular time (and) includes not only broad guidelines of general application, but also detailed practices and procedures" (APB Statement No. 4, par 138). In practical usage, GAAP means accounting for economic activity in a manner consistent with professional accounting standards.~~

~~Governmental Accounting, Auditing and Financial Reporting (GAAFR) — a book published by the Government Finance Officer's Association (GFOA) that provides an overview of governmental accounting. This reference is a very useful guide and should be in the library of anyone trying to prepare GAAP financial statements.~~

Governmental Fund — includes the General, Special Revenue, Capital Projects and Debt Service GAAP fund types. These funds are used to account for the acquisition, used and balances of expendable financial resources and the related current liabilities for "general government" functions. Expendable assets are assigned to a particular governmental fund types according to the purposes for which they may or must be used. Current liabilities are assigned to the fund types from which they are paid. The measurement focus in these fund types is on the determination of financial position and changes in fund financial position rather than with net income. Governmental funds currently are recorded using the modified accrual basis of accounting.

Grant — a contribution or gift of cash or other assets from another government or private entity to be used or expended for a specific purpose, activity or facility.

Grant Category — (D40) - a code that classifies grants into groups for financial reporting. The grant category is Catalog of Federal Domestic Assistance (CFDA) number for federal grants.

Grant Object — (D48) - an agency specific classification element used to segregate grant expenditures into distinct categories such as salaries, capital outlay and administration. It is used to warrant the Comptroller agency object structure and a unique grantor structure for reporting purposes. Grant object may be used to report expenditure to the grantor and/or control the grant budget. It is an optional feature.

Grant Number — (D47) - records and reports individual grant information. This data element identifies individual grants within a particular grant program (see Grant Category).

Grant Phase — a further breakdown of grant expenditures. Grant Phase is normally used to segment grant time periods, such as federal fiscal years.

Grant Type — (D35) - a statewide categorization of grants such as Federal, State, Local or Private.

Grantor — (D28) - identifies the organization or individual from whom the grant was received. Examples of federal grantors include the U.S. Department of Aagriculture, the U.S. Department of Commerce and the National Science Foundation.

Hard-coded — the opposite of profile driven. Hard-coded implies that a specific value is set in the program and cannot be changed without changing the program. Hard-coding is used in situations where the values are not likely to change because hard-coding is more cost efficient. If values are likely to change then they are profile driven to allow change without modifying the program.

IEU — Input Edit Update - this is the first cycle of the batch referred to as the IEU cycle where posting to the financial tables occurs.

Index Code Profile — (24) - defines one of the primary coding reduction input elements used in R★STARS. Index infers the organization structure and can also look-up fund, appropriation, grant, project, multipurpose code, agency code 1, 2 and 3, and Program Cost Account (PCA). In addition, the Index Profile is used to define the agency budget organization level.

Indicators — normally one or two digit data elements that allow the user to adapt R★STARS to varying needs. Indicators are used to control system processes, determine required elements, control system posting, specify agency based requirements and facilitate reporting. The indicators in R★STARS appear on the profiles and are used in situations where two or more options are available to the user.

Indirect Cost Pool — used to accumulate costs that are not readily charged to a specific cost pool at the time the costs are incurred. Examples of indirect costs are rent, utilities, administrative salaries. Indirect cost pools are allocated to direct cost pools using cost allocation.

Interagency Transfer — transactions which record financial activity between agencies and/or funds, such as goods and services bought or sold.

Interagency Voucher — a method used to process vouchers between agencies without issuing warrants.

Interface — the automatic integration of MAIN FACS software systems; accomplished by the use of common interrelated databases.

Interface File — the electronic information used to transferred information from one computer program or system to another computer program or system.

Interface Type — the two-character code on an ADPICS document that generates a R★STARS transaction code.

Interrupt — the process of leaving one screen, going to another and returning to the original screen with the data intact. The interrupt facility provides the capability to correct profile validation errors while entering financial transactions and related profile maintenance. It is initiated by selecting the F4 key.

Inventoriable Assets — assets that do not meet the agency's capitalization criteria but which should be tracked (e.g., funds, calculators, and other movable equipment) at the agency's discretion.

Invitation To Bid — the State's request for a bid quote from a list of vendors that can supply the goods or services requested.

ITIN or Individual Tax Identification Number — is issued by the Internal Revenue Service to a nonresident or resident alien who does not have and is not eligible to receive a Social Security Number (SSN).

Journal Entry — transactions entered to reclassify, adjust or correct account balances. Journal entries may be at the General Ledger level, in which case they post only to the General Ledger Table, or they may be at a lower level, in which case they post to several R★STARS tables.

Lapse — the forfeiture of an appropriation that does not qualify for carryforward into the next fiscal year.

Level Indicator — identifies the level in the classification structure at which financial data will be posted and controlled to the primary financial tables.

Line Number — the position a line of data holds in an ADPICS document. For example, the line number in the Requisition Detail Entry screen (PCHL2110) refers to the position the commodity on the screen holds. The line number is system generated in the order of initial data entry. The first commodity entered on the requisition will become Line Number '001.' The next commodity entered will be Line Number '002.' When a commodity is deleted, the Line Number is not reused. The line number '000' designates that it is the header record.

Link To — the process of quickly navigating the system by placing the Screen ID (e.g., 24, Index Code Profile) in the Link To field and selecting Enter or F9. Link To allows experienced users to quickly navigate the system without using the menus. Link To, unlike Interrupt, does not require that you return to the original entry screen and does not save the data from the screen that was used to initiate the Link To.

Liquidation — to settle or clear accounts by collecting payment or offsetting amounts owed.

Mail Code — a three-character code assigned to a vendor's address. A vendor may have more than one address. The mail code differentiates between addresses. Employees will generally have a mail code of P01.

Modifier Code — identifies how a document should be posted (e.g., partial or full liquidation) and is normally required on encumbrance transactions referencing pre-encumbrances and expenditure transactions referencing encumbrances.

Multi-Year Reporting — the ability to present the financial status of an appropriation across multiple fiscal years and provide a tool to capture information used in the State's Comprehensive Annual Financial Report (CAFR). This is accomplished through reports and inquiry screens.

Multipurpose Code — a code available in R★STARS for agency use. This code does not have a profile in R★STARS.

NACHA or National Automated Clearing House Association — the organization that promulgates the rules and operating guidelines for electronic payments through the ACH Network, and for Electronic Benefits Transfer, electronic checks, financial EDI and cross border transactions.

NACUBO or National Association of College and University Business Officers (NACUBO) — the organization that promulgates reporting standards for colleges and universities. NACUBO based accounting is often used to refer to accounting techniques specific to institutions of higher education.

NOC or Notification of Change — is created by an RDFI to notify the ODFI that previously valid information contained in a posted entry has become outdated or that information contained in a prenotification is erroneous and should be changed.

Non-Descriptive Profiles — a profile that is used to monitor system processes such as transaction processing, appropriation control or grant and project billing. A non-descriptive profile differs from a descriptive profile, in that it plays a significant role in controlling system posting and other processes.

Object — (D01 (expenditures) — a grouping of comptroller objects (expenditure, revenue, and other categories) for reporting purposes. Examples include Personal Services, Travel-in-State and Aid to Others..

Object Level — levels defined in R★STARS that determine how revenues and expenditures are recorded and tracked. For example, Comptroller Object is the lowest level in the object structure for statewide accounting purposes. Agency Object may be more detailed, the same, or less detailed than the Comptroller Object as defined by an agency.

Object (revenue) — a grouping of comptroller objects for reporting purposes. Examples include Licenses, Fees and Permits, Earnings on Investments and Property Taxes.

ODFI or Originating Depository Financial Institution — is the Depository Financial Institution (DFI) that has made an arrangement with an Originator to send entries into the ACH system on behalf of the Originator or sends entries into the ACH system on its own behalf. Bank One (formally NBD) is the current ODFI for the State of Michigan.

Organization — a responsibility center within a government. Organizations are used in R★STARS to monitor specific levels of control within an agency. Organization levels would include divisions, sections and subsections.

Organization Code — an agency unique code used to identify a particular organizational unit. Organization codes are inferred by Indexes in R★STARS.

Organization Levels 2-10 — the organization structure accommodates up to nine additional levels of organization under each agency. The number of levels used is at the agency's discretion.

PDT or Payment Distribution Type — is a two-character field, which identifies a payment as a warrant, direct deposit or wire transfer. It also identifies how warrants should be routed, i.e., special handling, regular mailing, and how transactions should be combined.

PFOS or Payments from Other Systems — i.e., Payroll, Retirement, Income Tax Division, and some FIA payments. Payment numbers are not assigned by MAIN, the warrant is generated by a system other than MAIN and the payee is generally not registered in the MAIN FACS vendor file.

Prenote or Prenotification — information sent to the RDFI to verify the ABA number, account number and account type in the prenotification is for a valid account. If the number is not valid or not processable, the prenote must be rejected and returned.

Program Cost Account (PCA) Type — identifies the type of costs accumulated in each cost pool (PCA) as either indirect costs or direct costs. Valid PCA types include direct PCA, indirect PCA, and indirect variance PCA. Direct costs pools receive costs both from allocations and from direct expenditure charges. Indirect cost pools accumulate costs that are to be later allocated. Indirect variance PCAs are allocated whenever a variance run of cost allocation is performed.

Pre-encumbrance — transactions that are typically recorded when there is an expected or projected commitment (non-contractual) to purchase or pay for goods and services. They are recorded as memo accounts against appropriation budgetary balances for reporting purposes only. Pre-encumbrances do not reduce available appropriation spending authority.

<u>Prepaid Expenses</u> — expenses paid in advance of the receipt of goods or services in an exchange transaction (e.g., prepaid rent and unexpired insurance premiums).

<u>Primary Key</u> — a combination of elements that uniquely identify a record. For example, the primary key to the Program Code Profile is Agency, Appropriation Year, and Program Code. The primary key to the Agency Fund Financial Table is agency, appropriation year, appropriated fund or fund.

<u>Profile</u> — a means by which users control R★STARS processing, define accounting detail and specific system capabilities, and indicate valid codes and conditions to be used in system operations.

<u>Profile Maintenance</u> — the act of maintaining the system profiles. Profile maintenance includes any additions, changes or deletions of the R★STARS profile records.

<u>Profile-Driven</u> — the concept of controlling system processes, transactions posting and valid values through user maintained profiles. A profile-driven system, such as R★STARS, allows the maximum flexibility to accommodate future change.

<u>Program</u> — is internal to agency operations and consists of a set of activities which focuses upon objectives measured in terms of quantitative effects (performance measures) either on specific groups of individuals, society at large or on the environment. Typical uses of programs would include drug enforcement, child abuse deterrence, highway maintenance and urban revitalization. Programs may cross the organization structure and be administered by multiple divisions, sections or subsections.

<u>Program Code</u> — <u>(D04) -</u> an agency-unique code used to identify a particular program in an agency. Program codes are inferred by Program Cost Accounts or looked up by an appropriation number.

<u>Program Cost Account (PCA) Profile</u> — <u>(26) -</u> defines one of the primary coding reduction input elements used in R★STARS. PCA infers the program structure and can also look-up fund, appropriation, grant, project, multipurpose code, agency Codes 1, 2 and 3, index and NACUBO fund/subfund. In addition, the PCA Profile is used to define the agency budget program level.

<u>Program Cost Account (PCA) Type</u> — identifies the type of costs accumulated in each cost pool (PCA) as either indirect costs or direct costs. Valid PCA types include direct PCA, indirect PCA, and indirect variance PCA. Direct costs pools receive costs both from allocations and from direct expenditure charges. Indirect cost pools accumulate costs that are to be later allocated. Indirect variance PCAs are allocated whenever a variance run of cost allocation is performed.

Program Level — levels within the program structure that determine how financial information is reported in R★STARS. LBB Program and LBB activity are generally the lowest level of the Program Structure for statewide accounting purposes. Seven optional lower levels are provided for agencies or institutions who wish to record more detailed program activity.

Project — a multipurpose classification that permits the identification of unique and sometimes temporary sets of activity that require specialized reporting outside of the normal classification structure and fiscal period orientation. Examples of projects include construction of buildings, interagency agreements, or internal activities.

Project Category — (D41) - ~~is a grouping of Capital Projects that cross agencies for systemwide reporting. It is an optional field.~~
defines the project category and associated title used for project reporting purposes. It serves as an alternate roll up for project numbers and may be used to account for capital projects that cross agencies.

Project Group — (D60) - is a grouping of projects. Projects with similar characteristics may be grouped for reporting. For example, all projects relating to construction can be grouped together under a project group – Civil.

Project Number — (D42) - identifies the basic project to be accounted for.

Project Phase — a division of a project normally based on timeframe. A system development project, for example may have many phases such as requirements definition, design, development and implementation. Project phases in R★STARS are used to allow control and monitoring of projects in distinct segments. Project phases are defined in the 27 Project Control Profile.

Project Type — an agency defined classification element that provides the ability to group projects into distinct groups. Examples would include construction projects and internal projects.

Proprietary Fund — includes the Enterprise and Internal Service GAAP fund types. Proprietary funds are used to account for government's ongoing organizations and activities that are similar to those often found in the private sector. These funds are accounted for on a full accrual basis which means that they account for revenue when it is earned and expenses in the period in which they apply. The measurement focus of these funds is on net income.

Purchase Order — a binding contract between the State and a vendor for the purchase of requisitioned goods or services at a specified price. Purchase orders liquidate pre-encumbrances and establish encumbrances in R★STARS.

RDFI or Receiving Depository Financial Institution — is the Depository Financial Institution (DFI) that receives ACH entries from the ACH operator and posts them to the accounts of its depositors (Receivers).

Receivables — asset accounts that reflect amounts due from private persons or organizations for goods and services furnished by the State (but not including amounts due from other funds, agencies, or governments).

Reclamation — reclamation entry – is a debit entry that may be originated in an amount equal to or less than the payment to which the reclamation relates. The reclamation entry also contains the name of the receiver, account number, exact amount of entry being reclaimed, approximate date the entry being reclaimed was initiated and the word RECLAIM in the first eight positions of the Company Entry Description Field of the Company/Batch Header record. Reclamation is a procedure to recover benefit payments, such as retirement, that were paid through the ACH Network after the death or legal incapacity of the Receiver where neither the Receiver's estate nor any other account holder is entitled to the payment. Reclamation applies only to recurring benefit payments.

The NACHA Operating Rules allow a reclamation entry to be initiated by an Originator or ODFI for pension, annuity, or other benefit payment if the Receiver is deceased and neither the Receiver's estate nor any other account holder is entitled to the payment.

Recurring Transactions — transactions that recur on a scheduled or repetitive during the year basis (e.g., rent, insurance, utilities). R★STARS provides the capability to automatically post these transactions to reduce the manual effort necessary for repetitive posting.

Reject Errors — an error that causes an input (IN) transaction to reject. Transactions with reject errors never make it into R★STARS. Examples are batch header level errors and non-numeric characters in a numeric field.

Relational Standard Accounting and Reporting System (R★STARS) — a legislatively mandated system designed to integrate the State's accounting, reporting, budgetary and program/cost performance measurement systems to establish a uniform statewide database to meet state, GAAP, NACUBO agency and legislative needs.

Release — a call against an existing blanket purchase order by requisition/purchase order or by direct purchase order. A release allows the purchase of commodities from a blanket purchase order agreement. A release)(requisition/purchase order) liquidates the pre-encumbrance and establishes an encumbrance in R★STARS. A direct release (direct purchase order) establishes an encumbrance in R★STARS.

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Requestable Reports — can be requested through the R★STARS Report Request Profile. Requestable reports include financial reports, profile reports and fixed asset inventories. Unlike counted reports, these reports are not generated unless they are requested by a user. There are over 110 requestable R★STARS reports.

Requisition — a request to purchase goods or services. Establishes a pre-encumbrance in R★STARS.

Requisition ID — an identification number assigned to a requisition when it is saved.

Residual Warrant — any funds left after the application of STAR Offset and/or GAL is issued to the payee as warrant (remaining balance).

Retainage — certain contracts require the State to retain a percentage of each payment related to a contract. This retainage is withheld to help protect the State against unsatisfactory services provided by a vendor. The retainage amount is recorded as a separate liability (retainage payable) and may be released (i.e., liquidated) anytime during the project, or once the project is complete.

Retainage Amount — the amount withheld from each payment related to a contract. This is withheld to help protect the State against unsatisfactory services provided by a vendor.

Retainage Payable — the amount of retainage owed to a vendor.

Retainage Release — the payment of retainage to a vendor.

Returns and Prenote Returns — Returns & Prenote Returns – RDFIs must return entries that are not posted to Receiver's accounts. Prenotification (non-dollar) entries should also be returned when the RDFI wishes to advise the originator not to initiate the subsequent live entry. Entries must be returned for valid reasons. Examples would be an account was closed, invalid account number, or a duplicate entry

Returned Reversal — a Reversal (see definition below) that has been returned because it cannot be processed through the ACH system or reversal has been rejected at the RDFI (specific Return Reason Code will be used). See the R★STARS Data Entry Guide, Chapter 9, Section 9.6, for a list of Returned Reversal reason codes.

Reversal — a Reversal or Reversing Entry is a debit or credit entry initiated by Treasury to the ODFI, in order to correct a previous erroneous credit or debit entry. The reversing entry must be transmitted to the RDFI by midnight of the 4th banking day following settlement of the erroneous entry. Treasury will receive a credit or debit for the Reversal on the settlement date, the day after transmission to the ODFI. However, if there are not enough funds in the account at the RDFI (a request for a debit reversing entry), Treasury's account will be debited and the State

will have to pursue reimbursement from the Receiver. The reversing entry must be transmitted or made available to the RDFI by midnight of the 4th banking day following settlement of the erroneous entry. File reversals may be originated to correct a duplicated file or an erroneous file in which substantially all of the entries were incorrect (Erroneous entries cannot be recalled after they have been introduced into the ACH system but they can be reversed). A file can include an entire file or a number of batches that constitute a segment of the file. A reversing file will only reverse those batches which were duplicate or erroneous. An RDFI can recognize a reversal because REVERSAL is contained in the first eight positions of the entry description field.

Revenue Budgeting — the process of budgeting revenues. Revenue budgeting is used to monitor revenue estimates against actual revenue receipts. In some cases, if revenue receipts vary significantly from revenue estimates, the related appropriations and expenditure budget will be adjusted to reflect the revenue shortfall or excess.

Revenue Plan — low level revenue budgets which may be recorded at the option of agencies. No control is exercised over these plans.

SAI or Source Application Indicator Code — The 3rd and 4th position in the current document number (for example, in document 28X VZ**TI**0098, "TI" is the SAI code). Each SAI code is related to a particular batch agency and is used to determine if a payment will be bypassed for offset.

Service Date — the date which goods or services were received for a given grant or project.

Settlement Date — is the date an exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank(s).

Side-Door Payment System — A system where payment information is entered on-line or interfaced to MAIN FACS and payments are subject to the Treasury offset process. Payments are not processed through the MAIN FACS vendor file, the vendor's federal ID does not begin with a '2' or '3', and no mail code is sent to MAIN FACS. The Agency sends the vendor's federal ID (normally beginning with 'F' or 'S') and the vendor's name and complete address.

Signed Fields — fields that allow for both positive and negative amounts.

Single Transaction Processing — a process by which the overall accounting impact of a transactions recognized in R★STARS as a result of a single entry. The full range of classification data affected by the transaction and the impact it has on all of the system's tables are identified at the time a transaction is recorded.

Special Selection — an option in the Report Request Profile that allows users to limit the amount of information provided in R★STARS reports. There are data selection options for agency, organization code, program code, NACUBO fund, appropriated fund, fund, Comptroller object,

agency object, general ledger account and agency general ledger account. In addition, Special Select 1 and Special Select 2 may be used to further streamline some reports. The special select available on each report varies.

Spending Close Program- — a program used to generate transactions that force the calculated remaining encumbered basis budget to a zero balance.

STAR — Star Offset is the process of taking a portion or the full amount of a payment for the application to a tax liability or state Agency debt. Garnishment/Levy (GAL) is a separate process from the Offset Process; it runs after the STAR Offset Process. A garnishment or order of levy is served upon the State Treasurer; specific reduction instructions exist for the amounts that may be taken.

State Fund Group — (D39) - established for the purpose of grouping funds so they may be summarized in a manner other than appropriated fund or GAAP. State Fund Groups may facilitate bond accounting and non-budgeted accounting.

Subgrantee — identifies the subcontractor or subrecipient of "pass-thru" grants. A subgrantee is any person or government department, agency or establishment that receives federal financial assistance from a state entity or any other entity to administer a program.

Subsystem Interface — the process of capturing input (IN) records generated from various independent R★STARS subsystems and running them through the batch input, edit, update (IEU) program so they can be posted to the financial tables. Through the interface function, transactions which are not manually entered through on-line financial entry can be processed in the normal batch IEU system. Examples of R★STARS subsystems that generate IN transactions are cost allocation, payment processing, fixed assets, and grant and project billing.

Tables — DB2 data structures that are comprised of a series of columns and rows. R★STARS uses DB2 tables to store profile and financial information.

TIN or Taxpayer Identification Number — A unique nine-digit number assigned to individuals, sole proprietors, partnerships, corporations, estates, trusts and other entities for tax filing purposes. A TIN may be a SSN (Social Security Number issued by Social Security Administration to individuals) or a FEIN (Federal Employer Identification Number issued by the Internal Revenue Service).

Transaction Code — unique code assigned to each transaction entered which is used by R★STARS to identify which accounts are to be debited and credited, which financial tables are to be updated by the transaction, and which data elements are to be entered on the transaction.

Transaction Code Decision Profile — defines the general ledger impact, data elements and financial table posting rules for each type of accounting transaction.

<u>Transactions in Error</u> — transactions entered into R★STARS on-line or via interface with edit mode 0 or 1 which failed to post during the nightly batch IEU cycle because they failed one or more IEU edits.

<u>Travel Advance</u> — the prior approval and funding to incur travel expenses in the pursuit of State business. Monetary travel advance is also referred to as travel authorization.

<u>Unexpended Budget</u> — authorization not spent in a fiscal year.

<u>Vendor File</u>~~Information~~ — data contained in the MAIN FACS Vendor ~~tables~~~~Profile~~ by vendor number and mail code to uniquely identify the vendor associated with a transaction. Examples of vendor information include vendor type, W-9 information, vendor name, address, and phone number, mail~~ownership~~ code, and payment distribution type. Vendor records can be viewed by inquiring on the R★STARS 52 Systemwide Vendor Inquiry and 51 Systemwide Vendor Mail Code Inquiry screens or ADPICS PCHL5200 Vendor Table Inquiry and PCHL5150 Payable Mail Code Inquiry screens.

<u>Vendor Mail Code</u> — a three-character code assigned to a vendor's address. A vendor may have more than one address. The mail code differentiates between addresses. ~~Employees will generally have a mail code of P01.~~

~~Vendor Profile — defines the valid vendor numbers that may be used in R★STARS. R★STARS vendor numbers either come from TPIS system through an interface for vendors that are paid with state treasury funds or from agency profile maintenance for vendors paid from local funds. The vendor profile may also contain customers for revenue receipts.~~
Vendor Number — A unique ten digit numeric field assigned to each vendor/payee on the Statewide MAIN FACS vendor file. For vendors/payees registering with a FEIN, vendor numbers start with "2" and end with the FEIN. For vendors/payees registering with a SSN, vendor numbers start with a "3" and end with the SSN. For foreign vendors/payees registering with an ITIN, vendor numbers start with a "4" and end with the ITIN. If the vendor does not have an SSN or FEIN, vendor numbers start with a "5" and end with the assigned identification number.

<u>Voucher</u> — the last step in the purchasing process. Vouchers are automatically generated in ADPICS when the appropriate document matching rules are met. Matching rules are based on the Match Type entered on the associated purchase order/direct purchase order. When a voucher is posted, it liquidates the encumbrance and establishes a voucher payable in R★STARS. A warrant will be issued on the appropriate due date.

<u>Voucher Payable</u> — a liability for goods and services evidenced by vouchers against funds in the State Treasury that have not been paid.

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<u>Wire Transfer</u> — a wire transfer moves money between bank accounts by telephone (by "wire") from one bank to another. The transfer is relatively fast, and it permits the same day use of the funds transferred into the account. Wire transfers are most commonly used for transferring large amounts of cash.